

Community Development Commission

May 12, 2011

To: Each Supervisor

From: Sean Rogan, Executive Director



**SUBJECT: COMMUNITY DEVELOPMENT COMMISSION POLICY FOR REGIONAL DISTRIBUTION OF PERMANENT SUPPORTIVE HOUSING FOR THE HOMELESS**

**Executive Summary:**

On March 29, 2011, the Board of Supervisors directed the Community Development Commission (CDC) to develop a policy that promotes the regional distribution of permanent supportive housing for homeless individuals. The CDC has received confirmation from legal counsel that the state legislation governing the administration of City of Industry affordable housing funds prohibits the CDC from preventing development in specific geographical areas within the fifteen-mile radius of the City of Industry, which includes Skid Row. Furthermore, the use of federal Home Investment Partnership program (HOME) funds prohibits any discriminatory practices. HOME program funds are utilized in unincorporated County areas and those non-entitlement cities that do not receive HOME funds. The CDC does recognize the importance of a broader distribution of homeless and special needs housing throughout the County, and proposes to enhance incentives for the development of these housing types outside of Skid Row through its Notice of Funding Availability (NOFA) process and continuing technical assistance efforts. In order to realize the optimal outcome of these efforts, collaboration with Board offices, the CEO, other County departments, municipalities, and service providers will be essential to develop the supportive service infrastructure necessary to support tenant stability in housing.

**Current Actions:**

Historically a significant amount of housing and supportive services infrastructure has been located in the Skid Row area; however, the CDC is cognizant of the need for a County-wide dispersal of permanent supportive housing to improve accessibility to housing and services for homeless people in all parts of the County and has made that a priority.

The CDC has invested \$73,580,185 outside of the Skid Row area, supporting 67 special needs developments with a total of 2,129 units. In contrast, the CDC has invested \$19,599,525 in the Skid Row area, supporting 14 special needs developments with a total of 955 units in the time it has administered the City of Industry program.

Current incentives in the CDC NOFA that encourage the regional development of special needs housing include:

- Higher per-unit subsidies for special needs units;
- Higher total subsidy and bonus points for projects located in unincorporated County;
- Bonus funds for homeless projects in the First and Fifth Supervisorial Districts in the San Gabriel Valley and Gateway Cities areas;
- Technical assistance to San Gabriel Valley cities on affordable housing development;
- Bonus points for multifamily and senior projects including special needs units ("mixed-population projects")
- Project-Based Section 8 vouchers for special needs projects which cannot be utilized in the City of Los Angeles;
- Higher total subsidy for projects using the Housing Authority of the County of Los Angeles to issue tax-exempt bonds for 4% tax credit deals;
- Subsidy boost for HOME projects located outside of the City of Industry boundary
- Higher allowable Resident Service Coordinator costs in cash flow for special needs and mixed-population projects;
- Increased allowable developer fee to be taken up-front for special needs projects;
- Increased flexibility for entitlements and environmental reviews for projects in unincorporated areas;
- Technical assistance for special needs and mixed-population developers to establish supportive service linkages through the County's Special Needs Housing Alliance's Project Review Committee; and
- Funding for the sustainable rehabilitation of aging special needs projects.

Despite the inclusion of these incentives, many development efforts for homeless populations outside of the Skid Row area have met with challenges including insufficient land availability and local resistance at both the jurisdictional (political) and neighborhood levels in small and medium-sized cities.

**Planned Actions:**

In order to ensure the efficient investment of City of Industry funds and the full utilization of these funds, the CDC will further incentivize development in areas outside of Skid Row by enhancing opportunities for developers to create viable, sustainable projects for homeless and other special needs populations throughout Los Angeles County.

The CDC will consider these additional incentives:

- Offering bonus points to projects located in HOME Participating Cities;
- Increasing bonus points for projects located in the unincorporated County;
- Offering Project-Based Veterans Affairs Supportive Housing (VASH) vouchers;
- Increasing the total project subsidy for mixed-population projects located in unincorporated County and Participating Cities;
- Allowing case management costs to be paid through project income for special needs developments in areas without a strong supportive service infrastructure; and,
- Offering bonus points for projects including an on-site Federally Qualified Health Center in medically underserved areas.

The CDC will also increase its outreach efforts to inform developers and cities of these incentives to increase utilization. It should be noted, however, that any incentives that limit the geographical distribution of City of Industry funding would impede the CDC's ability to fully utilize Industry funds.

If you have any questions, concerns or comments, please call me at (323) 890-7400 or Lois Starr, Director of the Housing Development and Preservation Division, at (323) 890-7230.

SR:LS

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